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EUR	88.00
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JPY	0.63

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

World Bank projects China's real GDP to reach 2.7% in 2022

Economic activity in China continues to track the ups and downs of the pandemic—outbreaks and growth slowdowns have been followed by uneven recoveries. Real gross domestic product (GDP) growth for the country is projected to reach 2.7 per cent this year, before recovering to 4.3 per cent in 2023, amid a reopening of the economy, as per the World Bank.

China’s growth outlook is subject to significant risks, stemming from the uncertain trajectory of the pandemic, of how policies evolve in response to the COVID-19 situation, and the behavioural responses of households and businesses, according to Navigating Uncertainty, the latest China Economic Update released by the World Bank.

“Continued adaptation of China’s COVID-19 policy will be crucial, both to mitigate public health risks and to minimise further economic disruption,” said Mara Warwick, World Bank country director for China, Mongolia, and Korea. “Accelerated efforts on public health preparedness, including efforts to increase vaccinations especially among high-risk groups, could enable a safer and less disruptive re-opening.”

Risks related to climate change are growing, as demonstrated by this year’s extreme weather patterns and the resulting disruption to economic activity. Externally, risks emanate from highly uncertain global growth prospects, greater-than-expected tightening in financial conditions, and heightened geopolitical tensions.

“Continued macroeconomic policy support will be needed, as growth is expected to remain below potential and the global environment is weakening,” said Elitza Mileva, World Bank lead economist for China. “Directing fiscal resources towards social spending and green investment would not only support short-term demand but also contribute to more inclusive and sustainable growth in the medium term.” China has adequate fiscal policy space, especially at the central level, that could be deployed to bolster a stronger recovery, alongside easing of COVID-related public health measures.

Increasing youth unemployment rates have highlighted the emergence of another pressing challenge for policymakers. Employment subsidies and public works programmes have provided near-term support to youth employment.

The report argues in a special topic section that these short-term measures could be complemented with structural measures to strengthen the skillset of youth, improve labour market mobility, address information asymmetries, and strengthen labour market statistics.

Source: fibre2fashion.com- Dec 22, 2022

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Chinese biz confidence drops to lowest since Jan 2013: World Economics

China's business confidence dropped to its lowest since January 2013, said a recent survey by World Economics. The index related to the same fell to 48.1 in December from 51.8 in November, it showed.

"The survey suggests strongly that the growth rate of the Chinese economy has slowed quite dramatically, and may be heading for recession in 2023," World Economics said.

Business activity fell sharply in December with the sales managers indexes in manufacturing and service sectors both below the 50 level, the survey showed.

"The percentage of companies that claim to be currently negatively impacted by COVID has risen to a survey high, with more than half of all respondents now suggesting their operations are being harmed in one way or another," the London-based data analytics company was quoted as saying by a global newswire.

Its survey, conducted from December 1 to 16, covered sales managers at over 2,300 companies.

The survey results were among the first indicators of how business sentiment has taken a hit in the world's second-biggest economy, after the sharp relaxation of strict COVID containment measures on Dec 7 triggered a still-growing wave of domestic COVID cases across China.

China's GDP is expected to grow just 3 per cent this year, its worst performance in nearly half a century.

Source: fibre2fashion.com- Dec 22, 2022

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China Covid outbreak threatens apparel supply chain

The Omicron variant of the Covid virus is making its way across several big cities in China after President Xi Jinping made a U-turn on his former zero-Covid policy of containment earlier this month.

The spread of infections, which has hit China's capital city Beijing the most, is threatening widespread business disruption to the world's second-largest economy and largest apparel exporter. According to figures from the Financial Times, more than half the 22m population is infected.

The increase in infection rates means industry across China is facing disruption such as staffing shortages, which is leaving businesses vulnerable to closures, while sickness in the logistics sector is causing supply chain chaos.

Dr Sheng Lu, associate professor of fashion and apparel studies at the University of Delaware, tells Just Style: "The latest Covid outbreak in China has started affecting the global textile and apparel supply chain and deserves a close watch. One imminent challenge is a nationwide labour shortage, production delays, and even factory closures as Covid cases surge. When Covid-19 first broke out in China in early 2020, garment-exporting countries in Asia struggled to get enough raw textile materials as China was their top supplier. The same situation could repeat this time."

Lu says another big concern is new uncertainties. "How soon would China's Covid situation stabilise? Shall we worry about a severe economic recession in China? Will China's Covid outbreak result in new variants that complicate the world's pandemic situation? Will the Chinese government have another U-turn in its Covid policy?

"Given these mounting uncertainties, fashion brands and retailers are likely to accelerate their "China exit" strategy and prioritise mitigating supply chain risks in their sourcing decisions."

Indeed, Bob Antoshak, partner at Gherzi Textil Organization, recently told Just Style that the uncertainty that exists within China has contributed to sourcing strategies closer to consuming markets, as witnessed in a revival of sourcing in the Western Hemisphere and in support of the US retail market.

According to the FT, companies have now been left with no direction on how to handle the sudden surge in cases, after previously operating under strict guidelines handed down by local governments. Some factory bosses have dropped restrictions such as PCR testing and fencing off workers from the wider population.

Experts have said factories could face worker shortages until February, after the lunar new year. The Omicron outbreak has brought forward the annual movement of more than 290m migrant workers from the coastal provinces back to poorer regions in the west, which occurs ahead of the festive period.

Source: just-style.com- Dec 22, 2022

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USA: $858B Defense Spending Bill to Boost US Textile Makers, NCTO Says

The Senate has passed legislation with the potential to boost U.S. textile production beginning in the new year.

A bipartisan majority on Thursday voted in favor of the Fiscal Year 2023 National Defense Authorization Act (NDAA), an $858 billion defense-spending bill that raises pay for troops, supports Taiwan against China, and aids Ukraine's fight against Russia. The bill also contains a key provision that will enhance government procurement of essential products produced domestically, including textiles.

"We applaud the Senate for getting the NDAA across the finish line today, and we are pleased the legislation will now go to President Biden for his signature," National Council of Textile Organizations (NCTO) CEO Kim Glas said last week. President Biden is expected to sign the bill, which will go into effect in six months.

"The underlying NDAA conference report includes a critical bill known as the Homeland Procurement Reform (HOPR) Act, which establishes specific criteria that the Department of Homeland Security (DHS) must meet to procure more domestically manufactured uniforms, footwear, and related critical items by DHS agencies," she said.

The HOPR Act will require that to the extent possible at least one-third of funds allocated to buying uniforms and protective equipment be used to purchase goods made by U.S. small businesses. The legislation aims to establish steady domestic demand for these goods to encourage investment in reshoring domestic manufacturing for critical supplies.

House lawmakers in the Committee on Homeland Security described the legislation as "necessary to ensure domestically sourced, high-quality uniforms and protective equipment for DHS frontline personnel and level the playing field as American small businesses compete for Federal government contracts."

"American small businesses employ nearly fifty percent of the private sector workforce, but they received less than twenty-six percent of Federal government contracts in fiscal year 2019," the Committee added. "This legislation is also a step in the right direction to reduce the nation's dependence on foreign-made personal protective equipment that was exposed during the Covid-19 pandemic."

"The importance of the domestic textile industry and a warm industrial base was heightened during the pandemic when the industry pivoted overnight to retool production lines to address severe shortages of lifesaving products," Glas said. "That experience demonstrated how imperative it is to build and expand a permanent domestic manufacturing base for our country's health and national security."

NCTO also said the HOPR act is "poised to provide a greatly needed demand signal to the U.S. manufacturing industry" to expand its capabilities to produce essentials ranging from uniforms to footwear, body armor and helmets. "It is a step in the right direction to further safeguard our national security from unreliable foreign supply chains in China and other countries for essential materials," Glas added.

Glas credited the Warrior Protection and Readiness Coalition (WPRC), along with a coalition of industry and labor groups, for getting the HOPR Act into the NDAA. "This common-sense bill will ensure that key divisions of the DHS can procure American-made critical uniforms and protective equipment to support the execution and enforcement of their missions," she said.

Source: sourcingjournal.com- Dec 21, 2022

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Companies fret over ripple effect of new Covid wave in China

The new surge in Covid cases in China is making Indian companies, from electronics and apparel manufacturers to gold and diamond exporters, worried about another bout of supply chain disruptions as well as exports to the Chinese market getting hurt.

According to consumer electronics companies, their component suppliers have warned them about slowing production at Chinese factories where many workers are down with the infection. Similar concerns are raised by apparel manufacturers, who are heavily dependent on China for raw materials. With the Chinese New Year holidays too around the corner, which could cause shipment delays, many Indian companies are placing orders in bulk to ensure that they have enough stock of components and raw material, said industry insiders.

"Situation is very bad in China with component suppliers saying their factory production is hit which will have a cascading effect on our supplies," said the chief of one of the largest electronics contract manufacturers.

'Information Sketchy'
"Problem is information coming in is very sketchy, so we are yet to gauge the exact impact this Covid wave will have," he said.

Satish NS, the India chief at Chinese electronic company Haier, said his company is advancing the purchase of components to ensure India production is not impacted.

The Covid surge in China is driven by a complete reversal of its zero-Covid policy. While infections have touched all-time high, epidemiologists have warned at this rate almost 60% of the Chinese population will get Covid in the next 90 days and there could be multiple such waves. These could slow down production in China and break down supply chains globally.

Smartphone brands are expected to face a supply crunch for components from the middle of next month if the current Covid surge continues in China, according to market trackers. But they could still be able to serve the immediate local demand since the market is muted and they are already stocked up on components to meet shorter-term requirements.

"If the situation plays out for another three weeks, we may see disruptions in component supplies for the smartphone brands that rely heavily on components from Chinese factories," said Faisal Kawoosa, chief analyst, TechArc. But there could be an impact on the launches slated for early next year.

Exporters of diamond and engineering goods are concerned about extended holidays during the Chinese New Year further hurting demand that has weakened already since October compared with a year earlier.

India's exports of cut and polished diamonds to China in November declined by 4% over last year at about $1.25 billion. China is the second largest buyer of diamonds from India accounting for 30% of total exports. Engineering goods exports fell year-on-year by 58% in November and 64% in October, as per data by Engineering Export Promotion Council of India.

Garment manufacturers and exporters in India source accessories from China which are required for manufacturing. "If the evolving Covid situation impacts the supply of accessories, the brands that we supply to may have to look for alternative sources," said Raja M Shanmugam, former president at Tirupur Export Association.

Shipping lines are keeping a close watch on container movements, which were affected during previous Covid waves.

Sunil Vaswani, executive director at the Container Shipping Line Association (India), said while there has been no official communication yet about any impact on port operations in China, if the situation worsens it could impact operations and productivity at ports. "This, in turn, will impact container movement and disturb the supply chains," he said.

Commodity trade executives said the Covid condition in China could affect the sentiment of the global food commodity trade. "China is the biggest importer of many commodities like rice, cotton, wheat, corn, soyabean, sugar, cooking oils like palm and soya bean oils. We may see some restrictions in export and imports coming from the central government (to keep domestic prices under control)," said commodity analyst Rahul Chauhan.

Worries about the impact of the pandemic on the world's second largest economy could also cause the price of gold to go up, as was the case during the first wave of Covid in 2020, as the yellow metal is a safer investment during times of uncertainty.

Source: economictimes.com- Dec 22, 2022

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Sri Lanka's garment export up 15.2% in Jan-Oct 2022, 12.9% down in Oct

Sri Lanka's garment exports stood at $4,622.7 million during January-October 2022 which grew by 15.2 per cent over the exports of $4,011.3 million in the same period of the previous year, as per statistics released by the Central Bank of Sri Lanka. Its garment exports dropped by 12.9 per cent in October 2022 due to the slowdown in the world economy.

During the same period, textile exports from the island nation increased by 4.9 per cent year-on-year to $299.4 million. However, exports of other made-up textile articles stood at $98.5 million during January-October 2022, registering a negative growth of 7.9 per cent, according to the central bank's report titled 'External Sector Performance'.

Textiles, garment, and other made-up textile articles' exports together accounted for 56.91 per cent of all industrial exports from Sri Lanka during the period under review, the report showed. The exports of all textile products totalled at $5,020.7 million in January-October 2022 which was 14 per cent higher than the shipment during the same period last year.

In October 2022, garment and textile exports from the South Asian nation declined by 13.1 per cent year-on-year to reach at $443.5 million. Category-wise, garment exports decreased by 12.9 per cent to $406.8 million, while textile exports fell 5.8 per cent to $28.9 million. The exports of other made-up textile articles were down by 39.1 per cent to $7.8 million.

On the other hand, imports of textiles and textile articles rose by 6.7 per cent to $2,637.8 million, while clothing and accessories imports were up by 4.3 per cent to $184.2 million during January-October 2022.

Source: fibre2fashion.com- Dec 22, 2022

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IFC to help Egypt's garment-textile chamber attract $50 mn FDI by 2026

The Readymade Garment and Textile Chamber of the Federation of Egyptian Industries (FEI) recently signed a cooperation protocol with the International Finance Corporation (IFC) to develop value chains in the technical and specialised textile industry in Egypt. IFC will help the chamber attract foreign direct investment to Egypt worth $50 million by 2026.

It will assist the chamber rehabilitate factories and provide them with the technology, technical expertise and training to master the sector.

Vocational training will be offered to raise skills of workers in these specialised fields, head of the chamber Mohamed Abdel-Salam said.

Oumar Sylla, IFC's regional director for North Africa and the Horn of Africa said Egypt will be a station for manufacturing raw materials in the Arab region and surrounding areas thorough IFC assistance.

Source: fibre2fashion.com- Dec 22, 2022

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Cambodian commerce minister urges acceleration of CEPA talks with UAE

Cambodian minister of commerce Pan Sorasak has urged the parties involved in negotiating a Comprehensive Economic Partnership Agreement between his country and the United Arab Emirates (Cambodia-UAE CEPA) to expedite talks in the interest of consumers, investors and businesses. The second round of such negotiations was initiated recently.

Sorasak emphasised that such an agreement will continue to strengthen the traditional friendship between the two countries and enhance the growing bilateral relations.

The two sides reaffirmed their commitment to achieving the proposed CEPA to enhance trade relations and bilateral cooperation by diversifying markets for the export of goods and services, as well as creating opportunities for investment and strengthening cooperation for priority sectors, the ministry was quoted as saying by Cambodian media reports.

Source: fibre2fashion.com- Dec 21, 2022

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EU's employment rate stable at 74.7% in Q3 2022

In the European Union (EU), the employment rate of people aged 20–64 stood at 74.7 per cent in the third quarter (Q3) of 2022, stable compared with Q2 2022. The labour market slack, which comprises all people who have an unmet need for employment, amounted to 11.5 per cent of the extended labour force aged 20–64 in Q3 2022, also stable compared with Q2 2022.

While the employment rate remained stable in the EU, changes between Q2 2022 and Q3 2022 were observed across the EU member states for which data were available. The highest increases were recorded in Bulgaria (+0.8 percentage points; pp), Belgium (+0.7 pp) as well as in Portugal and Cyprus (both +0.4 pp), according to the European Statistical Office (Eurostat).

While employment rose in nine EU member states, it remained stable in Latvia and decreased in 16 member states, with the biggest decreases recorded in Luxembourg and Ireland (both -0.8 pp) as well as in Germany, Croatia, and Malta (all -0.5 pp).

Source: fibre2fashion.com- Dec 21, 2022

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Vietnam emerges as South Korea's No. 3 trading partner

Vietnam will finish this year as South Korea's No. 3 trading partner and the country with which the latter has the largest trade surplus, a study has shown. The Federation of Korean Industries on Wednesday released an analysis on trade between the two countries from 1992, when they formed diplomatic ties, to last year to mark the 30th anniversary of bilateral relations.

The report said Korea has kept a trade surplus with Vietnam since posting $300 million in 1992. This year, the 30th anniversary of ties, the black figure reached $31.3 billion, surpassing the surplus with the US of $25.4 billion as the highest among Korea's trading partners. Between January and November this year, bilateral trade with Vietnam reached $81.1 billion, meaning the Southeast Asian country for the year is expected to surpass Japan with $78.4 billion as Korea's No. 3 trading partner.

Since forming ties three decades ago, both countries have seen bilateral trade jump 161 times from $500 million in 1992 to $80.7 billion last year. Over the same period, Korea's exports jumped 8.4 times and imports 7.5 times, while the figures for Vietnam were 142 and 240, respectively.

Since the establishment of bilateral ties, semiconductors have had the highest cumulative export value, followed by flat panel displays and sensors, wireless communication devices, petroleum products and synthetic resin. The leading trade items in 1992 were artificial long-fiber fabrics, petroleum products, complex fertilizers, textiles and chemical machinery but those last year comprised semiconductors, flat panel displays and sensors, and wireless communication devices.

From 2019 through last year, chips saw growth of 32%, flat panel displays and sensors 23.3%, and wireless communication devices 37.2%.

Among imports, the item with the highest cumulative value was wireless communication equipment, followed by clothing, personal accessories, computers, and flat panel displays and sensors.

Source: kedglobal.com- Dec 22, 2022

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NATIONAL NEWS

Centre to contribute equal share of Rs 15 crore over a period of three cotton season from 2022-23 to 2024-25 to provide complete traceability of Cotton from the origin to farm level, QR Code based Certification technology to validate "KASTURI Cotton India"

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Lok Sabha today shared that a Textile Advisory Group (TAG) comprising stakeholders including industry has been constituted by the Government on 25th May 2022 to deliberate issues pertaining to the entire cotton value chain. The meetings of the TAG are held periodically and based on the deliberations suitable action is taken to address the issues.

With the objective of building the image of Indian cotton at Global level, making India Atmanirbhar and promoting vocal for local in the field of cotton, Ministry of Textiles announced "Kasturi Cotton India" Brand on the eve of World Cotton Day on 7th October 2020.

To encourage Trade and Industry to work on the principle of self-regulation by owning complete responsibility, The Cotton Textiles Export Promotion Council (TEXPROCIL) the apex body to promote exports of Indian Cotton textile products including raw cotton across the world, has been designated as the implementing agency for Traceability, Certification and Branding of "KASTURI Cotton India.

In this regard, a Memorandum of Understanding (MoU) has been signed between the Cotton Corporation of India (CCI) and TEXPROCIL.

Government will contribute equal share of Rs 15 crore over a period of three cotton season starting from 2022-23 to 2024-25 to provide complete traceability of Cotton from the origin to farm level, QR Code based Certification technology to validate “KASTURI Cotton India” as a premium brand by enhancing international perception and valuation of Indian Cotton. Quality Control Order (Cotton Bales) under Bureau of Indian standards (BIS) Act 2016 is being finalized.

Source: pib.gov.in- Dec 21, 2022

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Direct Employment in Textiles sector is estimated at 45 million: Centre

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Lok Sabha today shared that, as per figures from National Accounts Statistics, the contribution of textile industry in GDP in terms of percentage share of industrial output was around 7% during the last three years.

Direct Employment in Textiles sector is estimated at 45 million. Government is implementing various schemes/programmes to increase employment, investment and expansion of textile industry including modernization of weaving and processing viz.

Integrated Processing Development Scheme, National Handloom Development Programme, National Handicraft Development Programme, SAMARTH–Scheme for Capacity Building in Textiles Sector, Silk Samagra 2 & Scheme for Integrated Textile Parks, etc.

To increase the share of Indian textile products globally, the Government has approved Production Linked Incentive (PLI) Scheme for Textiles and PradhanMantri Mega Integrated Textile Region and Apparel Parks (PM-MITRA) Scheme for setting up 7 Mega Textiles Parks over a period of 3 years.

The PLI scheme for textiles will promote production of high value Man Made Fibre (MMF), Garments &Apparel and Technical Textiles in the country. The PM-MITRA scheme aims to develop integrated large scale and modern industrial infrastructure facility for entire value-chain of the textile industry and will enhance the production and competitiveness of the textiles industry.

Source: pib.gov.in - Dec 21, 2022

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NITI Aayog's Panagariya cautions against cutting trade ties with China

Amid demands for snapping trade ties with China for its transgressions on the border, former NITI Aayog Vice Chairman Arvind Panagariya has opined that cutting trade with Beijing at this juncture would amount to sacrificing India's potential economic growth.

Instead, Panagariya suggested that India should try to enter into free trade agreements (FTA) with countries such as the UK and the European Union to expand its trade. "Engaging China in a trade war at this juncture will mean sacrificing a considerable part of our potential growth... purely on economic grounds, it will be unwise to take any action in response to it (transgressions on the border)," the eminent economist told PTI.

Indian and Chinese troops clashed along the Line of Actual Control (LAC) in the Tawang sector of Arunachal Pradesh on December 9 and the face-off resulted in "minor injuries to a few personnel from both sides", according to the Indian Army. Panagariya, currently a professor of economics at Columbia University, said both countries can play the trade sanctions game but the ability of a USD 17 trillion economy (China) to inflict injury on a USD 3 trillion economy (India) is far greater than the reverse.

"Now there are some who want trade sanctions on China to 'punish' it for its transgressions on the border... if we try to punish China, it will not sit back, as amply illustrated by its response to sanctions by even the mighty United States," he observed. Panagariya pointed out that even a large economy such as the US has not been very successful with its sanctions either against China or even Russia.

"Its close ally, EU, has had to pay a very high price of the sanctions against Russia (GDP: USD 1.8 trillion only). So, this is a very slippery slope," he observed.

The trade deficit, the difference between imports and exports, between India and China touched USD 51.5 billion during April-October this fiscal. The deficit during 2021-22 had jumped to USD 73.31 billion as compared to 44.03 billion in 2020-21, according to the latest government data

According to the data, imports during April-October this fiscal stood at USD 60.27 billion, while exports aggregated at USD 8.77 billion. Explaining further, Panagariya said it so happens that for many products India imports, China is the cheapest supplier so New Delhi buys them from Beijing.

It also happens that for goods India wants to export, China does not offer New Delhi the best price. "So, we sell them to other trade partners such as the US. The fact that this results in a trade deficit with China and trade surplus with the US should be no reason for worry," Panagariya said.

To reduce the trade deficit with China, Panagariya suggested that the idea ought to expand trade faster with other trading partners rather than cutting it with Beijing through a blunt instrument such as trade sanctions.

" We should take advantage of India's excellent growth prospects for the next decade and concentrate on growing the economy bigger as fast as possible. Once we are the third largest economy, our sanctions threats are likely to carry greater credibility," he said.

Asked can India tame its widening overall trade deficit, he said the appropriate indicator of external imbalance from the viewpoint of macroeconomic and financial stability is the current-account deficit as it measures the increase in our liabilities abroad.

According to Panagariya, while movements in the current-account balance give him no reason for concern, as a fast-growing economy, it is even desirable for India to borrow up to 2 to 3 per cent of GDP abroad to finance its investments.

"We may end up with a current-account deficit between 2 to 3 per cent in the current fiscal years but this too is well within our tolerance limit and poses no threat to macroeconomic stability," he noted.

In 2020-21, India had a current-account surplus of 0.9 per cent of the GDP while in 2021-22, India had a current-account deficit of 1.2 per cent of the GDP.

Source: business-standard.com- Dec 22, 2022

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India looks at expanding rupee trade to Africa, W Asia to make it stronger

New Delhi, Dec 21: India, which has already been in talks with Russia for a rupee-rouble payment system, is now looking at expanding the rupee trade with other nations as well, including several countries in Africa, UAE and Saudi Arabia among others.

Besides cash-starved Sri Lanka is also likely to start using the Indian currency for bilateral trade.

An analyst working for an industry body noted that as many countries look at setting up alternative supply chains in India, there is an 'openness in accepting the rupee trade.'

Expanded trading in rupees will help India to reduce dependence on its foreign exchange reserves and even help in boosting the balance of payments position and strengthening the fundamentals of the economy.

The exercise will also strengthen the rupee and internationalise it while reducing the impact of exchange rate fluctuations on the economy.

'Given the situation with rapid geopolitical shifts, India has already started taking appropriate steps to make the rupee more acceptable internationally,' a government insider told India Narrative. He added that there are a few issues which have come up and those need to be resolved for a smooth deal.

Ashwani Mahajan, national co-convenor of Swadeshi Jagran Manch added that India must also take up the issue of rupee trade with countries with which it is looking at inking trade agreements.

'This issue is a serious one, we must move fast on internationalising the rupee not just with countries which are dollar deficient like Sri Lanka or Bangladesh but even with those that share cordial ties with New Delhi,' Mahajan said.

Meanwhile, China has already started putting in measures to internalise its currency renminbi (RMB).

The People's Bank of Chinaï¿½the country's central bank, stated earlier that it will look at ways to expand the use of renminbi globally for trade and even cross border investments.

According to China Daily, Zhou Maohua, an analyst at China Everbright Bank said that the renminbi's accelerated internationalization is reflected by its lifted weighting in the International Monetary Fund's Special Drawing Rights currency basket, which became effective in May.

Source: business-standard.com- Dec 22, 2022

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Where is the economy headed?

Where is the economy headed? In 2019, we set a goal of being a $5-trillion economy by 2024. The lost Covid years (net growth of 1.5 per cent over two years) sets our $5-trillion goal back to 2026. That means growing 9 per cent each of the next four years. We should grow between 6 and 7 per cent this year; projections for next year are lower. The $5-trillion target is for GDP growth by 2026; $5 trillion eventually is meaningless. In 1980, China and India were equally poor. China is now five times richer than we are, a result of growing 9 per cent, compared with our 6 per cent for 40 years. We need to catch up. It is not enough to be "the world's fastest-growing large economy". We are too poor a country for growth of 5 or 6 per cent, and must grow at 8-10 per cent annually for the next few decades.

GDP is calculated as the total of output, expenditure and incomes. Each is equivalent to the other (as Diane Coyle points out in her wonderful little book on GDP). Consider how our economy is doing in terms of total expenditure: Consumer spending plus investment spending plus government spending plus exports less imports. Of these, consumption has been the biggest contributor, accounting for over 60 per cent of India's GDP (and GDP growth) in the last 30 years. Growth in rural consumption was particularly buoyant, with millions becoming first-time consumers of everything from toothpaste to noodles to two-wheelers to cement. Consumption collapsed during Covid years, for both goods and services. It bounced back strongly for goods, but unevenly. FMCG companies report that volumes have now finally reached pre-pandemic levels; almost all sales growth in these last three years are price increases, not volume. That's three lost years of growth in volume. Within categories, the more expensive items are growing fast. And for cheaper items, a higher proportion of sales is taking place in low-volume (and higher price to quantity) sachets. More expensive cars are doing better than cheaper models, and cars overall are doing better than two-wheelers. All this indicates rising inequality of incomes.

This year has also seen a dramatic recovery in services, with hotels and airlines coping with surging demand. (Returning from Delhi to Pune last weekend, an airline priced a seat on the basis of my permanently buying a piece of the aircraft, not just renting it for two hours.) There is apparently a pipeline of five million weddings flowing through the economy this winter season, prompting a witty friend to remark that we can look forward to a baby-boom in about a year.

Investment has long been a concern. Savings and investment both grew strongly in the decade to 2012, reaching a peak of around 40 per cent, comparable to the best-performing countries in economic history. Savings and investment then fell back and have remained subdued for 10 years. The most common question I've been asked as an industrialist is when investment will recover.

I answer that adequate volume growth must first raise capacity utilisation enough for investment to follow. But this year seems to be pointing in a different direction. In spite of stagnant consumption volumes, firms seem to be investing in new capacity. Companies in the capital goods industry, which mainly supply to new projects and expansions, are seeing good volume growth for the first time in years. I've struggled to understand where this could come from. Perhaps some of it is fresh investment by firms opting for the production-linked incentive scheme.

There has also been much talk of the need for international firms to diversify sourcing away from China. My sense is that the China-plus-one strategy of firms might actually be a China-plus-point-one strategy.

But given that China's manufacturing output is eight times India's, duplicating even a tenth of China's capacity means almost doubling India's. Certainly, my friends in Indian industry, across FMCG, engineering, and chemicals sectors, report interest from multinationals in sourcing from India as never before.

Whatever the driver, will this growth in widespread capital investment sustain into next year and the future? I don't know. As of today, the pipeline of new industrial projects is the best I've seen in the last 10 years, and it looks solid enough to sustain for at least a few quarters.

Ultimately, only volume growth can sustain consumption growth, which in turn will sustain investment. For consumption to grow in the long run, so must employment. Most of India's labour force is informally employed. Mahesh Vyas of CMIE, in this newspaper, tells us that just 30 million of our 400-million workforce is in manufacturing, 60 million in retail and 30 million in personal non-professional services (security, maids, drivers, barbers, beauticians, delivery).

These services jobs are the sectors where our employment creation has been most vibrant in the last 30 years. These largely informal jobs may not seem great jobs to us, but they are greatly prized relative to eking out a marginal existence in agriculture. They were also the hardest hit by Covid. The recovery in service consumption this year is driving a recovery in employment: Mr Vyas says October finally saw overall employment return to its level of three years earlier. Given that our population has grown by over 40 million in these three years, even with our low labour force participation ratio, we should have added 16 million jobs. It is only when we get back to the same labour force participation we saw before Covid that the economy will have truly recovered.

That recovery would still leave us with deep employment problems: A workforce dominated by informal (over 80 per cent) employment, the lowest female labour force participation ratio (at 21 per cent, below even Saudi Arabia's) of any country in the G20, and the lowest skilled workforce in the G20 (at 5 per cent, compared with 96 per cent in South Korea, 75 per cent in Germany and 52 per cent in the US).

Overtaking Germany and Japan, countries with a population 6 and 9 per cent of ours, respectively, will follow in a few years even if we continue muddling along. But if we wish to match China, with the same population as us, these persistent problems will need to be addressed. While we are rightly obsessed with a full and robust recovery from the downturn of the last two years, we must focus on actions to achieve our long-term potential.

Source: business-standard.com- Dec 21, 2022

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Decoding e-rupee: Is India is ready to transact in digital currency?

In October 2021, the central bank proposed an amendment to the Reserve Bank of India Act, 1934, to enhance the scope of the definition of 'bank note' to include currency in digital form to the government.

In her Union Budget speech on February 1, 2022, Finance Minister Nirmala Sitharaman proposed to introduce digital rupee, using blockchain and other technologies, to be issued by the RBI starting 2022-23.

"The amendment in the RBI Act with regard to the CBDC (central bank digital currency), says that currency will also include digital currency. That is the amendment which has been brought. Therefore, in all respects, there is no difference in the eyes of law, and there is no difference in treatment between paper currency and digital currency," said RBI governor Shaktikanta Das on December 7.

What is e-rupee?

From December 1, the RBI has launched a pilot of e-rupee retail in a closed user group with four participating banks — State Bank of India, ICICI Bank, IDFC First Bank and Yes Bank — and several merchants.

E-rupee is the CBDC issued and backed by the RBI that aims to mimic and expand on usage functions of paper currency or physical cash. It will be fundamentally different from the present UPI transactions — sans the direct involvement of banks as transactions will happen through e-wallet. The pilot for retail users follows a similar one launched for wholesale e-rupee transactions in November.

The expected benefits of e-rupee — faster settlement, lower cost of cross-border transactions, reduction in currency printing and distribution costs – are pitted against potential pitfalls including issues of privacy, data integrity, cyberattacks and disruption in deposit functions of the commercial banks.

Currently, it is only a trial restricted to a closed user group of merchants and customers in four cities of New Delhi, Mumbai, Bengaluru, and Bhubaneswar.

Several merchants like petrol pumps and organised retail stores are transacting with select customers that have been provided CBDC wallets in these cities. The scope of the pilot will be expanded gradually to cover more users in different cities.

In the initial days of the trial, users and merchants are doing a few hundreds of transactions every day, which will be increased to a few thousands. In due course, the plan is to launch a system wherein CBDC can also work in offline mode. This would help in expanding its scope and scale across the country. Direct benefit transfers by the government can also be done through e-rupee in future.

How is India placed against peers?

Globally, the eNaira in Nigeria, unveiled in October 2021, and the Bahamian sand dollar, debuted in October 2020, are two fully launched CBDCs. China, Singapore, France, Canada, Saudi Arabia, and the United Arab Emirates are among the countries conducting CBDC pilots. There were more than 100 CBDCs in research or development stages.

In the Indian context, the central idea is that in terms of look and feel, usage and features the e-rupee should exactly mirror the functionality that cash offers. That brings into focus a key issue — can e-rupee offer anonymity at par with the cash? Critics have raised doubts.

But discussions with the government and senior RBI officials indicate that the level of anonymity prevalent for cash transactions has to be integral for a full-scale launch of e-rupee. At present, taxpayers are required to report cash transactions of more than INR50,000. For instance, cash deposit of over INR50,000 per day in bank account require quoting of PAN number. Similarly, merchants are required to maintain customer record for cash sales more than this amount. As for e-rupee, the approach being planned is to offer anonymity equivalent to cash transactions. How to achieve that? The jury's still out.

How will RBI ensure anonymity?

There are two possible ways. One is the technology route, where the RBI systems deploy auto-deletion tools that erase transaction records up to a certain extent, let's say INR50,000. Another way could be the government enacting a legislation or providing it through rules that e-rupee transactions up to a limit cannot be stored or probed into. However, the execution manner can be gauged after the experience of the pilot projects, learnings from other countries and technological options being developed.

“One of the reasons cash is still being used in many developed countries to a large extent is that people love privacy, and people love their anonymity. So, for anonymity purposes, currency can be used. How anonymity is to be ensured in the case of a digital currency? The normal understanding is that anything digital leaves a footprint, can have various solutions,” RBI deputy governor T Rabi Sankar said on December 7, 2022.

“We are looking at the largely first technological solution. We understand there are technologies possible to do that. So, we can use any one of those. It is also possible to get a legal provision to ensure anonymity. So, what exactly will happen will depend on how things evolve, but anonymity is a basic feature of currency, and we will have to do that…,” he added.

Currently, tax laws do not allow usage of cash for a single transaction above INR2 lakh. While the INR2 lakh limit may not be applicable for e-rupee, transactions up to INR50,000 per user in e-rupee will be kept anonymous.

How will e-rupee be different from UPI, cryptocurrencies?

To understand this difference, let’s first know how e-rupee will work.

E-rupee will be issued in the same denomination as the paper currency. A user with say an account with the ICICI Bank, a participating bank in the pilot, will download the wallet of the same bank and transfer funds into the wallet. Instead of a cash withdrawal, funds have now been loaded onto the wallet as e-rupee. Transactions can be both person to person (P2P) and person to merchant (P2M). So, it will be a wallet-to-wallet transfer between these parties without the bank coming in between. This functionality is also critical to offering anonymity in CBDC transfers.

In UPI transactions, banks act as intermediaries, whereas in e-rupee its direct money transfer from one wallet to another.

“When I use a UPI app, the message goes to my bank, my bank account gets debited, money gets transferred to the recipient, to the receiver's bank, his account gets credited, and he gets a message in his mobile phone.

So, there is an intermediation of the bank in that process. In CBDC, just as paper currency, you go to a bank, let us say, you are drawing some INR1,000 currency notes, you keep it in your purse, you go to a shop, you have to pay INR500, you take out INR500 and pay," the RBI governor said.

"Here also, you will draw the digital currency and keep it in your wallet, which will be basically your mobile phone. And when you go and make a payment in a shop or to another individual, it will move from your wallet to his wallet. There is no routing or no intermediation of the bank," he said.

As regards to private cryptocurrencies that are created with decentralisation at their core, the e-rupee will be issued, backed, and controlled by the central bank like any other legal tender. It is a liability of the RBI like other currencies.

What are the key challenges?

The fact that several countries such as Uruguay, Canada, Saudi Arabia and United Arab Emirates have been running CBDC pilots for several years means a full-fledged launch of digital currencies may be easier said than done.

"While a CBDC may have many potential benefits on paper, central banks will first need to determine if there is a compelling case to adopt them, including if there will be sufficient demand. Some have decided there is not, at least for now, and many are still grappling with this question," Andrew Stanley, staff of finance and development at the IMF, wrote in a note on The Ascent of CBDCs in September 2022.

"Additionally, issuing CBDCs comes with risks that central banks need to consider. Users might withdraw too much money from banks all at once to purchase CBDCs, which could trigger a crisis. Central banks will also need to weigh their capacity to manage risks posed by cyberattacks, while also ensuring data privacy and financial integrity," he wrote.

Another risk is that it may not be possible to keep digital rupee transactions completely anonymous, as a trail can always be established for each transaction. The wallet-to-wallet transactions could certainly be anonymous. But when a user transfers money into the wallet or withdraws money from the wallet to his/her bank account, these transactions will reflect in the user's bank statement.

Effect on deposit functions of the commercial banks is another key pitfall, especially if there is wider adoption of CBDCs and consequent withdrawal of funds from the banks into the wallets. This could partially be neutralised by banks offering a sweep-in facility that transfers digital rupees from users' wallets back into their bank accounts by the end of the day.

What is the global experience on CBDCs?

In an encouraging development, the Bank for International Settlements (BIS) and four central banks recently completed a successful pilot of the use of CBDCs by commercial banks for real-value transactions across borders, as part of Project mBridge. Twenty banks in Hong Kong SAR, Thailand, mainland China and the United Arab Emirates used the mBridge platform to conduct 164 payment and foreign-exchange transactions totalling over USD22 million, the BIS said on October 26, 2022.

Project mBridge is aimed at creating a low-cost, regulatory-compliant, and scalable cross-border payment solution with CBDC at its core. It is being designed to operate across different jurisdictions and currencies, to explore the capabilities of distributed ledger technology and the application of CBDC in cross-border payments between commercial banks. Such a system could help two countries, let's say India and Russia – both having their own digital currencies – transact seamlessly without going through SWIFT or other financial networks.

Source: economictimes.com- Dec 21, 2022

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Commerce ministry to come up with advanced version of GeM portal

The commerce ministry will come up with a more dynamic Government e-Market (GeM) portal for public procurement purposes by upgrading the existing software of the platform. Commerce and Industry Minister Piyush Goyal said the existing software will be reworked and the work may take over a year to be completed.

GeM CEO P K Singh said they have floated the request-for-proposal for the project and it will be assigned to the successful bidder.

The work would start from January next year and it would take about 16-17 months to come up with the advanced version of the portal, Singh told reporters.

The portal was launched in August 2016 for online purchases of goods and services by all the central government ministries and departments.

Procurement of goods and services from GeM has crossed Rs 1.11 lakh crore so far this fiscal.

Goyal expressed hope that the figure may touch Rs 2 lakh crore by the end of this fiscal.

Source: economictimes.com- Dec 21, 2022

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FDI brought investment of US $ 1522.23 million in the textile sector from 2017-2022

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Lok Sabha today shared that, as per Economic Survey 2021-22, the employment in unorganized sector in 2019-20 was 43.99 Crore.

The Government has taken following steps to modernize the textile industry, enhance export and to promote FDI in textile sector on pan-India basis:

i) Government has approved setting up of Seven PradhanMantri Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites with an outlay of Rs. 4,445 crore for a period of seven years upto 2027-28. These parks will enable the textile industry to become globally competitive, attract large investment and boost employment generation.

ii) Government has approved the Production Linked Incentive (PLI) Scheme for Textiles, with an approved outlay of Rs 10,683 crore, to promote production of Man Made Fibre (MMF) Apparel, MMF Fabrics and Products of Technical Textiles in the country to enable Textile sector to achieve size and scale and to become competitive.

iii) Government has allocated an outlay of Rs 1480 crore for the National Technical Textiles Mission (NTTM) to promote and develop technical textiles sector in India.

iv) Silk Samagra-2 scheme is being implemented from the year 2021-22 to 2025-26 for development of sericulture industry in the country.

v) Government is also implementing various schemes/ programmes such as SAMARTH- Scheme for Capacity Building in Textile Sector, National Handloom Development Programme, Raw Material Supply Scheme, National Handicraft Development Programme, Comprehensive Handicrafts Cluster Development Scheme, Integrated Wool Development Programme etc. to promote and develop indigenous textile sector.

vi) India has so far signed 13 Free Trade Agreements (FTAs) including recently concluded Comprehensive Economic Partnership Agreement with UAE and Economic Cooperation and Trade Agreement with Australia; and 6 Preferential Trade Agreements with various trading partners. Government has entered into negotiations for FTA with trading partners such as the United Kingdom, European Union, Canada for enhancing market access of Indian products, including textiles, keeping in mind the national interest and domestic sensitivities.

vii) Market Access Initiative scheme provides financial support to various Export Promotion Councils and Trade Bodies engaged in promotion of textiles and garments exports, for organising and participating in trade fairs, exhibitions, buyer-seller meets etc.

viii) Government has put in place liberal and transparent investor-friendly Foreign Direct Investment (FDI) policy. 100% FDI is allowed in the textile sector under the automatic route. The amount of investment brought through FDI in the textile sector from 2017-2022 was US $ 1522.23 million.

Following MoUs have been signed with other countries to boost textile industry in the country:

- MoU with National Agriculture Food Research Organization, Japan to promote collaborative research in the field of silkworm and silk industry.
- MoU signed between Central Silk Board and "Uzbekipaksanoat", Uzbekistan on cooperation in Sericulture and Silk industry.
- MoU signed between M/o Textiles, Govt. of India and Department of Agriculture, Fisheries and Forestry, Govt. of Australia for establishing a Joint Working Group on cooperation in the field of Wool and Woolen products.
- MoU between India and Sri Lanka on procedural arrangements for import of apparel articles from Sri Lanka to India on Tariff Rate Quota under India Sri Lanka Free Trade Agreement.

- MoU between India and Sri Lanka on cooperation in the development of Small and Medium-sized Enterprises in handloom, powerloom and textiles.
- MoU signed between Textiles Committee, Govt. of India and M/s Nissenken Quality Evaluation Centre, Japan.
- Government is implementing various schemes such as PM-MITRA, PLI, NTTM etc. for undertaking numerous technology centric approaches for increasing production in the textile sector all over the country.

Source: pib.gov.in - Dec 21, 2022

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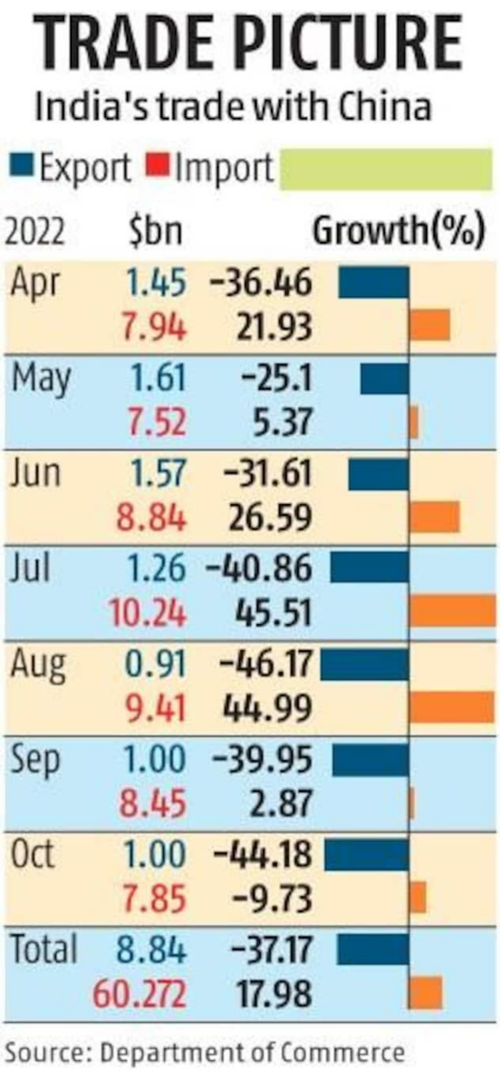
Covid fears in China may have cascading impact on India's exports, imports

There is a looming fear among exporters of further deceleration in shipments to China, amid a fresh spike in the number of Covid-19 cases in the neighbouring country.

Any massive or large-scale lockdown there may have a cascading impact on India's exports, as well as imports. The sectors at risk, as far as imports are concerned, according to trade bodies, include pharmaceuticals, automobile components, and electronic goods and parts.

The importance of China as India's top trading partner cannot be understated.



During the first seven months of the current financial year, China was India's second-largest trading partner, and the largest import partner. It is also important to note that China's share of global trade is huge and any further disruption can affect several countries dependent on China for supplies.

However, as far as exports are concerned, the country was India's fourth-largest export market, against being the third-biggest market in the previous financial year, as multiple shocks hit the Chinese economy, including tepid demand due to the Zero Covid policy and the crisis in its real estate market.

Exports to China have been contracting since December 2021. During April-October, India exported $8.84 billion of merchandise to China, down 37 per cent YoY. Petroleum products, marine products, organic chemicals, and non-basmati rice are other significant export items to China.

During the same period, India imported goods worth over $60 billion from China, up 17 per cent YoY.

India mostly imports electronic goods, engineering goods, chemicals and related products, other manufactured goods, and textiles from China.

Ajay Sahai, director general and chief executive officer of the Federation of Indian Exports Organisation (FIEO), said the rise in Covid cases in China and some other countries is a “dangerous sign for global trade”.

“Exports have been falling since the end of last year and a further rate of decline will be measured with respect to a lower base. However, companies are dependent on China for their raw materials and any disruption that lasts longer than two-three months can be a matter of concern,” said Sahai, adding that based on their earlier experiences, companies have now started maintaining inventory.

Sujit Patra, secretary (exports) of the Indian Tea Association, said Covid cases in China are a matter of concern. “China is still a big tea (export) market for India, although outbound shipments have reduced to half as compared to what they were three years ago,” Patra said.

Rahul Chauhan, commodity analyst at iGrain India, said China is the biggest importer of almost all commodities like rice, cotton, grains (corn, barley & wheat), soybean, sugar, edible oils like palm oil and soy oil, and any disruption in markets there is bound to shake up the world trade.

Cumulatively, according to trade sources, between January and November 2022, China imported 80.53 million tonnes (mt) of soybean, 19.75 mt of cotton, 10 mt of sorghum, 8.8 mt of wheat, 5.8 mt of rice and paddy, and 5.4 mt of cotton from across the world to meet its demand.

From India, China imports rice, cotton, groundnut, coriander, cumin and various other spices, sesame seed, castor oil etc.

“We may see some restrictions on exports and imports by the Government of India. Since last year, the demands of various items have been slow due to Covid restrictions in China. Traders were assuming that these restrictions would be relaxed in the coming days, but due to the latest burst of coronavirus infections, all exporters and importers are worried and apprehending that demand may come down significantly," Chauhan said.

However, Atul Ganatra, president of the Cotton Association of India (CAI), discounted any large-scale impact of a nationwide lockdown or a slowdown in China on cotton trade. He said cotton yarn and even textiles exports to China have dropped significantly in the past few months due to low demand and the latest surge in Covid won't turn the already bad situation even worse.

Source: business-standard.com- Dec 21, 2022

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MSP of cotton fixed at Rs. 6080 per quintal for Medium Staple and Rs. 6380 per quintal for Long Staple for 2022-23 season (01.10.2022-30.09.2023) which are approx. 6% over the last cotton season 2021-22 price

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Lok Sabha today shared that Government has approved the Production Linked Incentive (PLI) Scheme on 08.09.2021 with an approved outlay of Rs.10,683crore over a five year period to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country to enable textiles industry to achieve size and scale and to become competitive. Financial Year 2022-23 and 2023-24 are gestation periods under the PLI scheme for Textiles. Performance years commences from financial year 2024-25 to 2028-29. The disbursal under the scheme would commence from 2025 onwards.

The details of textiles & apparel exports including handicrafts during the last five years are as follows: (USD bn)

Commodity	2017-18	2018-19	2019-20	2020-21	2021-22
India's textiles & apparel exports including handicrafts	37.55	38.40	35.18	31.59	44.44

Source: DGCIS provisional data, figures are rounded off

No centralized data is being maintained.

Government is implementing various schemes viz, PradhanMantri Mega Integrated Textile Region and Apparel (PM MITRA), SAMARTH (Scheme for Capacity Building in Textile Sector), Silk Samagra, National Handloom Development Programme, National Handicraft Development Programme, Integrated Wool Development Programme (IWDP), National Technical Textile Mission (NTTM), Scheme for Integrated Textile Parks (SITP) etc. catering exclusively for development of textile sector in the country. Further, Government is promoting production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country through Production Linked Incentive (PLI) Scheme for Textiles.

India has so far signed 13 Free Trade Agreements (FTAs) including recently concluded agreement with UAE and Australia; and 6 Preferential Trade Agreements (PTAs) with various trading partners. In order to boost export of textiles products, Government extended continuation of Rebate of State and Central Taxes and Levies (RoSCTL) on exports of Apparel/Garments and Made-ups. Further, textiles products not covered under the RoSCTL are covered under Remissions of Duties and Taxes on Exported Products (RoDTEP) along with other products.

Government also provides financial support to various Export Promotion Councils and Trade Bodies engaged in promotion of textiles and garments exports, for organising and participating in trade fairs, exhibitions, buyer-seller meets etc.

Government fixes Minimum Support Prices (MSPs) of 22 mandated agricultural crops including two varieties of Cotton (Medium Staple) and Cotton (Long Staple) on the basis of recommendation of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/ Departments concerned and other relevant factors.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSP at levels of one and half times of the cost of production. Accordingly, Government has increased the MSPs for all mandated Kharif, Rabi and commercial crops with a return of atleast 50 percent over all India weighted average cost of production from the agricultural year 2018-19 onwards. In line with the same principle, Government has announced the increase MSP for all mandated crops.

MSP of cotton has been fixed at Rs. 6080 per quintal for (Medium Staple) and at Rs. 6380 per quintal for (Long Staple) for 2022-23 season (01.10.2022-30.09.2023) which are approx. 6% over the last cotton season 2021-22 price.

There are 64 participants in PLI Scheme for textiles. The scheme is expected to lead to investment of Rs. 19,798 crore and generate employment for 2.45 lakhs persons. The PLI Scheme for Textiles is being implemented on pan India basis. The selected companies will be eligible to get incentives on achieving the threshold investment and threshold/ incremental turnover.

Source: pib.gov.in- Dec 21, 2022

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Low demand, rise in raw material prices key problems of MSMEs: Survey

The decline in demand and rise in raw material prices due to high transportation costs are the major problems faced by micro, small and medium enterprises in the last 27 months, according to a survey.

The report by Bhartiya Yuva Shakti Trust (BYST) also said that though markets have stabilised, about 57 per cent of the units that participated in the survey are struggling to get new orders for their merchandise.

"Lesser purchasing power of consumers lead to reduced demand and increased raw material cost due to higher transportation cost with increase in fuel prices have been cited among key problems faced by entrepreneurs during the last 27 months," Lakshmi Venkataraman Venkatesan, Founding and Managing Trustee, BYST, said.

Over 5,600 Micro, small and medium enterprises (MSMEs) participated in the survey. While the impact of Covid-19 has been slowly receding, the economic situation is yet to completely stabilise due to multiple factors, according to the report.

About 27 per cent of the entrepreneurs have said that they are finding it difficult to repay their loan instalments on time, it added. As per the report, 53 per cent of MSMEs stated that they are doing better in some aspects in comparison to the pre-pandemic phase.

Source: thehindubusinessline.com- Dec 21, 2022

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Shri Goyal compliments Sellers for their efforts to usher a world class public procurement platform

Union Minister for Commerce and Industry, Textiles, Consumer Affairs, Food and Public Distribution Shri Piyush Goyal today said that the roll-out of GeM services through last-mile CSC-VLEs (Village level entrepreneurs) and PO-CSC operators (Post Offices) will spur local procurement and further the aim of Atmanirbhar Bharat.

He said this after launching the Government e Marketplace (GeM) Seller "Samvaad Booklet" and flagging off the roll-out of GeM services through Common Service Center e-Governance Services India Ltd. (CSC-SPV), and India Post, Department of Post, for last-mile buyers, sellers and service providers in public procurement, at a function held today at Vanijya Bhawan in New Delhi.

Shri Goyal said GeM has facilitated over 1 Crore orders and highlighted that over 55% of these orders are through MSMEs and added that as stated by the Prime Minister, MSMEs are the backbone of every large company and entire entrepreneurial ecosystem.

The Minister said Improvement of GeM Portal is an ongoing and evolving process. Efforts are on to add new features and functionalities. He called for continued engagement with the Sellers and buyers, and urged them to share their experiences and inputs with the Government on further improving the GeM portal to usher into a honest, efficient procurement process. He also urged Sellers to set ambitious targets.

Shri Goyal complimented all sellers and service providers on GeM for their unbound enthusiasm and participation on the portal and their efforts to usher a world class public procurement platform for all Government buyers, sellers and service-providers in the country through the GeM portal.

The Minister said GeM has transformed thousands of lives and opened a plethora of opportunities for the sellers. He said GeM is transparent, efficient and is perfectly inline with Five Prans as articulated by Prime Minister Shri Narendra Modi that focuses on making India a developed nation by 2047.

In September 2022, GeM "Seller Samvaad" events were held in 26 cities across India in collaboration with the Press Information Bureau (PIB) to facilitate an informal interaction of GeM sellers and service providers with members of regional and local media to document their journey in public procurement. Testimonials from sellers and service providers based on their experience on the portal were documented in print and digital media, and later collated and compiled in the form of a "Seller Samvaad" booklet which was launched at the event today in the presence of 13 select sellers and service providers.

Earlier in May 2022, GeM, CSC-SPV and India Post had inked a Memorandum of Understanding (MoU) for the advocacy, outreach, mobilization and capacity-building of last-mile Govt buyers, sellers and service providers in public procurement.

With this tripartite MoU, 5.2 lakh+ Village Level Entrepreneurs (VLE) under CSC-SPV and approx. 1.5 lakh+ India Post Office (PO-CSC) operators across India are being trained to assist last-mile Govt buyers/ Cooperative Societies with buyer registration, and all sellers and service providers with seller registration, product catalogue upload and management, order acceptance, fulfilment and invoice generation functionality on the GeM portal.

Shri P.K. Singh, CEO, GeM, Shri Sanjay Rakesh, CEO, CSC-SPV, Shri Satyendra Prakash, Pr. DG PIB, Smt. Aindri Anurag, Member (Operations) and Shri Anant Swarup Joint Secretary, Ministry of Commerce and Industry were present on the occasion.

Source: pib.gov.in- Dec 21, 2022

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Bilateral Trade between India and the GCC grew from US$ 87.35 billion in FY 2020-21 to US$ 154.66 billion in FY 2021-22, registering an increase of 77.06%

Bilateral Trade between India and the GCC grew from US$ 87.35 billion in FY 2020-21 to US$ 154.66 billion in FY 2021-22, registering an increase of 77.06% on a year-on-year basis.

During the current FY 2022-23, for the period April-October 2022, bilateral trade between India and the GCC stood at US$ 111.71 billion, up from US$ 79.49 billion during the same period in FY 2021-22. This is an increase of 40.53% on a year-on-year basis. During the period FY 2017-18 to FY 2021-22, bilateral trade between India and the GCC has grown by 10.57% on a compounded annual growth rate basis.

This information has been provided by Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel said in reply to a parliamentary question today.

Source: pib.gov.in- Dec 21, 2022

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'Abnormal' anti-dumping duty should not be levied on VSF: SIMA to Finance Minister

The Southern India Mills' Association (SIMA) on Wednesday urged Union Finance Minister Nirmala Sitharaman to reject the 'unrealistic recommendation' made by the Directorate General of Trade Remedies (DGTR) on levying anti-dumping duty on Viscose Staple Fibre (VSF).

The government has been taking various path-breaking policy initiatives to address the raw material structural issues, especially the man made fibres (MMF), the future growth engine of the Indian textile industry, by removing the anti-dumping duty levied on various raw materials, polyester staple fibres, acrylic fibre and VSF, SIMA Chairman Ravi Sam said in a letter addressed to the Finance Minister.

However, based on the appeal made by the Associations of MMF industry, the DGTR recommended levying USD 0.512 per kg on VSF from Indonesia as anti-dumping duty charges, he pointed out.

The rejection of the recommendation would ensure the survival of MSME spinning mills, decentralised powerloom and handloom sector and also the garment sector, he said. Such an abnormal protection was totally unwarranted and on the contrary, would greatly affect the entire VSF value chain.

Over two lakh powerlooms in Tamil Nadu had diverted to VSF manufacturing and enabling value added exports and anti-dumping duty would again make manufacturers to switch over to imports that would have serious impact on the MSME spinning mills, Ravi Sam said.

The majority of the MSME spinning mills could blend VSF with the cotton to the tune of 10 to 15 per cent and sustain their competitiveness which would be eroded with the recommended anti-dumping levy, he said.

Homegrown VSF manufacturers are not in a position to meet the growing demands of the VSF value chain, rationing their supply and affecting the potential growth of the industry, he further said.

Indian manufacturers have been supplying the fibre only to less than 300 spinning mills, while the country has around 4,000 spinning mills, he said adding that any spinning mill in the country could buy any quantity of polyester staple fibre at an internationally competitive rate.

With the imposition of anti-dumping duty, this raw material availability would again become scarce resulting in industrial unrest and against this background, SIMA is appealing to reject the abnormal duty rate recommended by the DGTR, he said.

Source: economictimes.com- Dec 21, 2022

HOME

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